



STATE BOARD OF EQUALIZATION

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BETTY T. YEE
 Acting Member
 First District, San Francisco

BILL LEONARD
 Second District, Sacramento/Ontario

CLAUDE PARRISH
 Third District, Long Beach

JOHN CHIANG
 Fourth District, Los Angeles

STEVE WESTLY
 State Controller, Sacramento

RAMON J. HIRSIG
 Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento

September 27, 2006

The following is a preliminary record of Board actions taken at the September 27, 2006 Board Meeting. This is not an official record and is subject to correction or modification. The official record of the Board's actions are the minutes of the Board, which will be adopted at a subsequent meeting.

The Board's decision reflects only the issues resolved by the Board at the meeting. Issues resolved prior to the meeting are not reflected in this document.

If you would like specific information regarding items on this Preliminary Record of Board Action, please telephone (916) 327-1798 or e-mail: anita.biedermann@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

A. HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE HEARINGS

There were no items for this matter.

B. CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS

B1. Granite Construction, Inc., 301578 - Postponed

B2. ELS Educational Services, Inc., 306326

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Appeal Denied	Mr. Leonard	No
	Mr. Parrish	Abstain
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

B3. Estate of Harold A. Small and Muriel T. Small, 310311
 Jack M. Gautreaux and Michelle C. Gautreaux, 309716 – Postponed

C. SALES AND USE TAX APPEALS HEARINGS

C1. PeoplePC, Inc., 300402 (BH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Petition Denied	Mr. Leonard	No
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

C2. Daimler Chrysler Corporation, 297523 (CHA)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Claim Denied	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Mr. Chivaro	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

C3. R.E.M. Concepts, Inc., 332323 (EH) - Postponed

D. SPECIAL TAXES APPEALS HEARING

D1. Greyhound Lines, Inc., 281179, 327799 (MT)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Claims Denied	Mr. Leonard	No
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

E. PROPERTY TAX APPEALS HEARINGS

There were no items for this matter.

F. PUBLIC HEARINGS**F1 Proposed Adoption of Property Tax Rule 474,
Petroleum Refining Properties**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Leonard	No
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	No
	Ms. Yee	Yes
	Mr. Chiang	Yes

G. TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT**G1 Legal Appeals Matters**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

- Hearing Notice Sent – No Response
 1. James George Wagemann, 269022 (UT)
- Petitions for Release of Seized Property
 2. Diem Thuy Thi Nguyen, 358172 (ET)
 3. J and N Bakshi Enterprises, LLC, 358171 (ET)
 4. Chong Choul Kim and Myung Soon Kim, 357784 (ET)
 5. Setrak Agop Najarian, 357234 (ET)

G2 Franchise and Income Tax Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
No Final Determination on Sub-items 1, 6	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

- Decisions
 1. Gregory Brunt, 261437
 2. Bruce P. Jensen, 330643
 3. Wayne E. Kean, 346182

4. Song B. Lee and Hae K. Lee, 332190
5. Maytag Corporation, 265542
6. ~~Joseph Melendez and Rosemary Persico, 330293~~
7. Rhonda Talbot, 330386
8. Nathalie S. Zimmerman, 325824
- Petition for Rehearing
9. Steve A. Dent, 306354

G3 Homeowner and Renter Property Tax Assistance Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
No Final Determination on Sub-item 2	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

- Decisions
1. Karen Ahumada, 339272
2. ~~Henderson Wallace Calloway, 332647~~
3. Helen M. Crane, 333483
4. Ronald D. David, 332887
5. Jo Ann Galle, 329965
6. Linda Gheshmi, 333241
7. Richard Green, 336324
8. Patricia M. Hall, 336698
9. Doreene Kay Hanks, 339848
10. Doris Hester, 336599
11. Yuriy Ilyasov, 329958
12. Otis Johnson, 339295
13. Chung Soon Kim, 331706
14. Richard Mandell, 331487
15. Martha J. Martin, 335126
16. Raisa Meyerovich, 330358
17. Earl Mohorne, 333199
18. Scott A. Morris, 335143
19. Nam Thi Nguyen, 335147
20. Mikhail Shmain, 330290
21. Helen L. Sunday, 336416
22. Kheng E. Ung, 333304
23. Joseph J. Ward, 336368
24. Donell Wear, 331527
25. Vardanush Zanazanian, 331535

G4 Sales and Use Taxes Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
No Final Determination on Sub-items 2, 3	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

- Redeterminations
 1. Sylvan Learning Systems, Inc., 296115 (OHB)
 2. ~~Corona Networks, Inc., 317698 (GH)~~
- Denial of Claim for Refund
 3. ~~Bericap, LLC, 294804 (EH)~~

G5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
No Final Determination on Sub-items 5, 7, 9, 17	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes – not participating in #10, 15
	Ms. Yee	Yes
	Mr. Chiang	Yes – not participating in #11, 15, 16

- Credits and Cancellations
 1. Stewart & Stevenson Services, Inc., 358823 (OHC)
 2. 2000 Copiers & Fax, Inc., 357335 (EA)
- Refunds
 3. Little Company of Mary Hospital, 357436 (AS)
 4. MSC Software Corporation, 395934 (EA)
 5. ~~Dowd & Guild, Inc., 348911 (CH)~~
 6. San Jose Mercury News, Inc., 308261 (GH)
 7. ~~Husky Injection Molding System, Inc., 346221 (OHB)~~
 8. Bizmart, Inc., 357905 (OHA)
 9. ~~Merillat Corporation, 357435 (OHA)~~
 10. Mercedes-Benz USA, LLC, 350110 (KH)
 11. The Vons Companies, Inc., 354078 (AA)
 12. The Dow Chemical Company, 316142 (OHA)
 13. M.A.C. Cosmetics, Inc., 357432 (OHB)
 14. The Dow Chemical Company, 357544 (OHA)
 15. Best Buy Store, L P, 335806 (OHA)
 16. Universal City Studios, LLLP, L.P., 344771 (AC)
 17. ~~Long Beach Acceptance Corporation, 198737 (EA)~~

G6 Special Taxes Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms. Mandel	Not Participating
	Ms. Yee	Yes
	Mr. Chiang	Yes

➤ Relief of Penalty/Interest

1. Unigard Insurance Company, 354590 (ET) – “CF”

There were no items for the following matters:

G7 Special Taxes Matters – Credits, Cancellations, and Refunds

G8 Property Tax Matters

G9 Cigarette License Fee Matters

G10 Legal Appeals Property Tax Matters

H. TAX PROGRAM NONAPPEARANCE MATTERS – ADJUDICATORY**H1 Legal Appeals Matters**

There were no items for this matter.

H2 Franchise and Income Tax Matters

➤ Decisions

1. Terry L. Moreland and Peggy J. Moreland, 286425 – Postponed

2. Mark Crumpacker, 313396 - Postponed

3. Robert Eugene Wesley, 317301.

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Appeal Denied – A \$2,500 frivolous appeal penalty was imposed	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

There were no items for the following matters:

H3 Homeowner and Renter Property Tax Assistance Matters

H4 Sales and Use Taxes Matters

H5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds

➤ Refund

1. Mitsubishi Electric Power Products, Inc., 289311

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's Claim Granted	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Not Participating
	Ms. Yee	Yes
	Mr. Chiang	Yes

There were no items for the following matters:

H6 Special Taxes Matters

H7 Special Taxes Matters – Credits, Cancellations, and Refunds

H8 Property Tax Matters

H9 Cigarette License Fee Matters

H10 Legal Appeals Property Tax Matters

I. TAX PROGRAM NONAPPEARANCE MATTERS**I1 Property Taxes Matters**

➤ Board Roll Changes

1. 2004, 2005, and 2006 State-Assessed Property Rolls – “CF”

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendations	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Not Participating
	Ms. Yee	Yes
	Mr. Chiang	Yes

I2 Offers-in-Compromise Recommendations

There were no items for this matter.

CHIEF COUNSEL MATTERS**J. Rulemaking****J1 Request to publish Board of Equalization..... Rules for Tax Appeals**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
An Interested Parties meeting was ordered. Item to return to November's Board meeting	Mr. Leonard	No
	Mr. Parrish	No
	Mr. Westly/Ms Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

- Chapter 1: *Title*
- Chapter 2: *Sales and Use Tax, Timber Yield Tax, and Special Taxes and Fees*
- Chapter 3: *Property Taxes*
- Chapter 4: *Appeals from Actions of the Franchise Tax Board*
- Chapter 5: *General Board Hearing Procedures*

There were no items for the following matters:

- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters

ADMINISTRATIVE SESSION**N. Consent Agenda**

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Staff Recommendation	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

N1 Approval of Board Retirement Resolutions

- Francis E. Coryell
- Allegetta N. Barnes

N2 Approval of County Assessors' Retirement Resolutions

- Honorable E. Dan O'Connell, Colusa County Assessor
- Honorable Gerald D. Cochran, Del Norte County Assessor
- Honorable Robert Lowrimore, Mariposa County Assessor/Recorder

- Honorable David A. Cardella, Merced County Assessor
 - Honorable Josephine Johnson, Modoc County Assessor
 - Honorable Cris Andrews, Shasta County Assessor/Recorder
 - Honorable William G. Copren, Sierra County Assessor
 - Honorable Eeve T. Lewis, Sonoma County Assessor/Clerk/Recorder
 - Honorable David W. Wynne, Tuolumne County Assessor/Recorder
 - Honorable Dick Fisher, Yolo County Assessor
- N3 Approval of Board Meeting Minutes
- June 13-14, 2006
- N4 Approval of Corrected Board Meeting Minutes
- April 18, 2006
- N5 Approval of 2007 Diesel Fuel Tax Rate for Interstate Users
- N6 Approval of 2007 Hazardous Waste Fees and Occupational Lead Poisoning Prevention Fee
- N7 Summons to Annual Meeting of the Board and County Assessors
- N8 Approval of 2007 Board Workload Plan

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Option B (Jan. – June 2007 only)	Mr. Leonard	Yes
	Mr. Parrish	Yes
	Mr. Westly/Ms. Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

O. Approval of Board Committee Meeting Minutes

O1 Business Taxes Committee

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved Minutes as presented. The minutes can be accessed at www.boe.ca.gov/meetings/btc2006.htm	Mr. Leonard	Yes
	Mr. Parrish	Absent
	Mr. Westly/Ms Mandel	Yes
	Ms. Yee	Yes
	Mr. Chiang	Yes

P. Other Administrative Matters**P1 Executive Director's Report**

Executive Director's opportunity to report on matters of interest to the Board.

<u>DECISION</u>	<u>MEMBER</u>
No Action Required/Update Only	Mr. Leonard Mr. Parrish Mr. Westly/Ms. Mandel Ms. Yee Mr. Chiang

P2 Interagency Agreements Over \$1 Million - Postponed**ADJOURNED**